



HOUSE OF COMMONS

House of Commons | Members

Annual Accounts & Audit Committee Annual Report 2019-20



***The HOUSE of
COMMONS:
Members***

**Annual Report & Accounts
2019-20**

(for the year ended 31 March 2020)

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**House of Commons:
Members**

Annual Report and Accounts

2019-20
(for the year ended 31 March 2020)

Performance Report

Introduction

This Estimate covers expenditure arising from the Exchequer contribution to the Parliamentary Contribution Pension Fund (PCPF), payroll costs of Members appointed to specific parliamentary duties, financial assistance to Opposition parties to support them in the discharge of their Parliamentary or representative functions, grants and grants-in-aid to organisations who promote the House of Commons' objectives, other general costs and non-cash items. The cost of running House services and the Parliamentary Estate is borne by the House of Commons Administration Estimate.

Resources

The Statement of Parliamentary Supply shows an outturn of £15.93 million against an Estimate of £17.5 million, representing an underspend of £1.57 million.

Allowance	Planned £000s	Outturn £000s	Variance £000s
Other Costs (Inc Salary)	400	145	255
PCPF Exchequer Contribution (Pension)	7,000	6,947	53
Short Money/Representative Money	10,100	8,836	1,264
Operating Subtotal	17,500	15,928	1,572

Pensions

The PCPF is revalued and contribution rate revised every three years, with the latest valuation being conducted in April 2017. However, on this occasion there was no impact on the Exchequer contribution rate which remained at 12.9% for a further 3 years with the next revaluation due in 2020-21. While the contribution rate remains the same, the membership of the PCPF changes year on year resulting in changes to the total Exchequer Contribution paid.

Short Money

The level of funding provided to Opposition parties, through Short money, is fixed by resolution of the House of Commons and is easier to manage during a normal parliamentary term. However, the unforeseen General Election in December 2019 meant that Short money for the financial year 2019-20 would be split among two parliamentary terms and recalculated to reflect the outcome of the General Election. Short money that is split over two terms, becomes more difficult to track/manage and does play a part in Short money over/under spends.

Cash

A net cash outturn of £16.36 million arose against the Estimate of £18.15 million. This represents an underspend of £1.79 million, the majority of which is due to Short Money underspending (£1.26 Million).

Net assets

The Statement of Financial Position shows an overall negative balance of £1.0 million (Negative £1.5 million in 2018-19) representing an increase of £0.5 million as a result of movement in working capital.

Going Concern

The Members Estimate receives funds annually, voted for by Parliament, in order to carry out activities which have been determined by Resolution of the House. As a result, the Members Estimate will

continue to receive adequate resources for the foreseeable future and will continue to adopt the going concern basis when preparing the financial statements.

Auditors

The audit of these accounts is undertaken by the Comptroller and Auditor General.

As Accounting Officer, I am not aware of any relevant audit information of which the auditors are unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

John Benger
Accounting Officer

30 September 2020

Accountability Report

Corporate Governance

1. Statement of Accounting Officer's Responsibilities

Although the Members Estimate is laid by a Government Minister as part of the main Supply Estimates, the accountability arrangements rest with the House of Commons and are approved by the Speaker. The Speaker has appointed the Clerk of the House as Accounting Officer for these accounts.

The annual accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs, the net resource outturn, changes in taxpayers' equity and cash flows for the financial year.

The Accounting Officer is responsible for the House of Commons' financial reporting arrangements. He should ensure that the annual accounts:

- observe the relevant accounting and disclosure requirements, and apply suitable applicable accounting policies on a consistent basis;
- include judgements and estimates made on a reasonable basis;
- state whether applicable accounting standards, as set out in the Financial Reporting Manual (as applied by the House), have been followed, and disclose and explain any material departures in the accounts; and
- have been prepared on a going concern basis.

The responsibilities of an Accounting Officer include:

- responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the organisation's assets, as set out in Managing Public Money published by HM Treasury.
- confirming that as far as he is aware there is no relevant information of which the auditors are unaware and that he has taken all the steps he ought to have taken to make himself aware of any relevant audit information, and to establish that the auditors are aware of that information.
- confirm that the Annual Accounts are fair, balanced and understandable and that he takes personal responsibility for the Annual Accounts and the judgements required therein.

2. Annual Governance Statement

Governance framework

The governance structure of the House of Commons Members Estimate differs from that of most other public sector Estimates in that it is laid by the Government, but thereafter the governance and accountability are entirely within the House, which is constitutionally separate from the Government of the day.

Two Estimates cover the direct expenditure of the House of Commons: The Administration Estimate, and the Members Estimate. The Administration Estimate covers the administrative costs of running the House of Commons as an institution, meeting staff costs of the House Service, the maintenance costs of the Estate, the running costs of the Chamber and associated activities, and travel costs of Members and officers undertaking parliamentary business such as select committee work.

The House of Commons Members Estimate Committee (MEC) was established by a Standing Order of the House in 2004 to have responsibility for oversight of the expenditure under the Members Estimate, which at that time included Members' expenses. In May 2010 Members' expenses were transferred to the Independent Parliamentary Standards Authority (IPSA). The MEC is responsible for agreeing the Members Estimate (and any Supplementary Estimates) each year, based on advice from the Finance Committee. Membership of the MEC comprises the parliamentary members of the House of Commons Commission, who have responsibility for the Administration Estimate. As Clerk of the House and in my role as Accounting Officer I have responsibility for ensuring that the Resolutions of the House and directions from the MEC are properly put into effect.

Together with the MEC, I am supported in this role by the Members Estimate Audit Committee (MEAC). Membership of the Committee is the same as that of the Administration Estimate Audit and Risk Committee and includes Members of Parliament, non-executive Commission members and an external expert. The Chair is currently one of the non-executive external members of the Commission.

The cost of administering the Members Estimate expenditure falls to the House of Commons Administration Estimate. These aspects are governed by both a delegation from the House of Commons Commission to the Executive Board, and the Parliament (Joint Departments) Act 2007 in respect of the Parliamentary Digital Service. A detailed account of the governance of the House of Commons Administration, the work of the Commons Executive Board of the House Administration and the operation of the system of risk management is given in the annual governance statement that accompanies the Administration Estimate Accounts.¹

Oversight of the Estimate

All monies paid to Members of Parliament through the Estimate are governed by Resolutions of the House. Oversight of the Estimate is undertaken by the Members Estimate Committee (MEC). The functions of the Committee are:

- agreeing the size of the Members Estimate before it is laid before the House by the HM Treasury;
- to codify and keep under review the provisions of the Resolutions of the House relating to expenditure charged to the Members Estimate;
- to modify those provisions from time to time as the Committee may think necessary or desirable in the interests of clarity, consistency, accountability and effective administration, and conformity with current circumstances;
- to provide advice, when requested by the Speaker, on the application of those provisions in individual cases; and

¹ www.parliament.uk/business/publications/commons/resource-accounts/

- to carry out the responsibilities conferred on the Speaker by the Resolution of the House of 5 July 2001, in relation to directions as to the application of the provisions of that Resolution, and authorisation of expenditure not otherwise specified in the ambit of the Members Estimate.

The Committee is not empowered to create a new form of charge on the Estimate, or to increase any rate of charge or payment determined by Resolution of the House. A consolidated list of the Resolutions of the House relating to expenditure charged to the Estimate was published by the MEC on the 27th July 2020 (HC 642)

Membership of the MEC during 2019-20 was as follows:

Name	Served
The Rt Hon John Bercow MP; Speaker (Chairman, by virtue of office)	until 31 October 2019
The Rt Hon Sir Lindsay Hoyle MP; Speaker (Chairman, by virtue of office)	from 4 November 2019
The Rt Hon Andrea Leadsom MP; Leader of the House of Commons (by virtue of office)	until 22 May 2019
The Rt Hon Mel Stride MP; Leader of the House of Commons (by virtue of office)	from 23 May 2019 to 24 July 2019
The Right Hon Jacob Rees-Mogg MP; Leader of the House of Commons (by virtue of office)	from 25 July 2019
Sir Paul Beresford MP	Until 22 March 2020
The Rt Hon Tom Brake MP	until 6 November 2019
Stewart Hosie MP	until 14 May 2019
Valerie Vaz MP	full year
Sir Charles Walker MP	From 23 March 2020
Rt Hon Dame Rosie Winterton MP	full year
Peter Wishart MP	from 15 May 2019

Although the House of Commons Executive Board receives monthly updates on financial performance against the Estimate, it does not have any formal responsibility for the Estimate because the Board takes its authority from the House of Commons (Administration) Act 1978.

Responsibilities attached to specific areas of expenditure

In April 2017, several items of expenditure that had previously been met by this Estimate were transferred to the Administration Estimate, namely Members' ICT equipment, postage and stationery, insurances and training for Members and their staff. The areas remaining in this Estimate are the Exchequer contribution to the Parliamentary Contributory Pension Fund and Short Money which make up 98% of the expenditure on this Estimate. The remaining 2% includes payroll costs for specific parliamentary duties, some small grants and other general items.

Parliamentary Contributory Pension Fund (PCPF)

This Estimate only covers the Exchequer contribution to the scheme which accounts for 40% of this estimate. This contribution is agreed in advance and revised every three years following advice from the Government Actuary Department. Payments to the PCPF are managed within the same control environment as the Administration Estimate, which is periodically audited to provide assurance.

Short Money

The controls for financial assistance to Opposition parties (Short Money/Representative Money) which accounts for 58% of this Estimate, differs from those for other expenditure in that the money provided is used for party political purposes in connection with Parliament and on representative work. Parties

in receipt of financial assistance are required to submit audit certificates, signed by registered auditors, at the end of each financial year certifying that the money paid to the party has been expended exclusively on parliamentary or representative business. These audit certificates are then reviewed/reconciled to the ledger and any differences investigated. The House places significant reliance on the work of the external auditors to accurately present the allocation of Short Money/Representative Money.

Further provisions were agreed by the House in 2016 that required Opposition parties to provide additional information in relation to the numbers and pay of staff employed using Short Money. This information can be viewed at:

www.parliament.uk/site-information/foi/transparency-publications/hoc-transparency-publications/financial-information/financial-assistance-to-opposition-parties/.

Review of effectiveness

(i) The evidence base

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of Internal Controls. In order to undertake this review, I have obtained evidence of the organisation's effectiveness through a variety of means. The most important are: the annual letters of assurance from each Head of Team and the Parliamentary Digital Service; separate letters of assurance on security, on information security (from the Information Authority), on business resilience (from the Business Resilience Group), on projects and programmes (from the Joint Investment Board), on health and safety (from the Parliamentary Safety Assurance Board) and on the operation of the Independent Complaints and Grievance Service; the Director of Internal Audit's annual report and opinion; advice and reports from the MEAC; and reports from the external auditor, the Comptroller and Auditor General. The letters from Heads of Team were subject to internal challenge and review through a process led by Governance & Central Services and Finance, Portfolio & Performance. In addition, account has been taken of the monthly corporate performance reports and quarterly risk reviews.

The Head of Internal Audit concluded in his annual report and opinion that the governance, risk management, and control (GRC) processes in place are generally adequate. He is not aware of any significant issues that question the adequacy of design or operation of the GRC framework for this Estimate. However, it is noted that the items covered by these accounts are not subject to their own separate audit, they are covered by the system and processes within the Administration Estimate.

(ii) Findings on effectiveness

I was pleased that the overall assessment of the control environment has been assessed as *Moderate*. Most of this activity is focused on the Administration Estimate rather than this Estimate and further details can be found in the House of Commons Administration Annual Report and Accounts.

Conclusion

I am satisfied that the financial risks on the Members Estimate have been mitigated for all areas of expenditure.

John Benger
Accounting Officer
30 September 2020

Parliamentary Accountability and Audit Report

Statement of Parliamentary Supply

In addition to the primary financial statements the Financial Reporting Manual (FRm) requires the House to prepare an additional primary statement, the *Statement of Parliamentary Supply* with supporting Notes, to show outturn against the Supply Estimate in terms of the net resource, net capital and the net cash requirement. It further compares the outturn performance against the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) expenditure control limits set by the Estimate. The areas outlined in bold show voted totals or other totals subject to Parliamentary control and audit. All expenditure is classified as Programme expenditure. The Statement of Parliamentary Supply forms part of the Accountability Report.

Summary of Resource Outturn and Capital Outturn 2019-20

		Estimate			Outturn			2019-20 Voted Outturn compared with Estimate ² : Saving/(excess)	2018-19 Outturn
		Voted £000	Non- Voted £000	Total £000	Voted £000	Non- Voted £000	Total £000	£000	£000
Departmental Expenditure Limit									
Resource	SoPS2.1	17,500	-	17,500	15,928	-	15,928	1,572	17,032
Capital	SoPS2.1	-	-	-	-	-	-	-	-
Total		17,500	-	17,500	15,928	-	15,928	1,572	17,032

The House of Commons: Members Estimate does not have any Annually Managed Expenditure (AME).

² An explanation of the variances is provided in the performance report on page 5

Net Cash Requirement 2019-20

	2019-20			2018-19
	Estimate	Outturn	Outturn compared with Estimate: saving/(excess) ³	Outturn
	£000	£000	£000	£000
Net cash requirement	18,150	16,364	1,786	16,857

Reconciliations and other supporting notes to the Statement of Parliamentary Supply (SoPS)

SoPS1. Financial policies adopted

SoPS1.1 Accounting policies and conventions

These are in line with those used in the preparation of the Primary Financial Statements. Further details can be found in Note 1 (see page 22).

SoPS1.2 Budgeting policies

The budgeting policies adopted are consistent with the HM Treasury 2019-20 Consolidated Budgeting Guidance and Supply Estimate Guidance Manual where appropriate to the requirements of the House of Commons.

SoPS2. Net outturn

SoPS2.1 Analysis of net programme resource outturn

							2019-20	2018-19	
	Estimate			Outturn			Net Total compared to Estimate	Outturn	
	Gross	Income	Net	Gross	Income	Net			
	£000	£000	£000	£000	£000	£000			Total
							£000	£000	
Departmental Expenditure Limit									
Members' pensions and other costs	17,500	-	17,500	15,928	-	15,928	1,572	17,032	
Total	17,500	-	17,500	15,928	-	15,928	1,572	17,032	

There is no capital budget or expenditure in 2019/20 (2018/19: £nil budget and £nil expenditure)

SoPS3. Reconciliation of resource outturn to net operating cost

	2019-20	2018-19
	£000	£000
	Outturn	Outturn
Total Resource Outturn in Statement of Parliamentary Supply		
Operating activities	15,928	17,032
Net Operating costs in Statement of Comprehensive Net Expenditure	15,928	17,032

SoPS4. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net Total outturn compared with Estimate saving/(excess)
		£000	£000	£000
Resource outturn		17,500	15,928	1,572
Accruals to Cash adjustments:				
Other non-cash items	3		(20)	20
Adjustments to reflect movements in working balances:				
Increase/(decrease) in trade receivables	5	-	88	(88)
(Increase)/decrease in payables	6	650	368	282
Net Cash requirement		18,150	16,364	1,786

SoPS5. Analysis of income payable to the Consolidated Fund

The following income relates to the House and is payable to the Consolidated Fund (cash receipts being shown in italics).

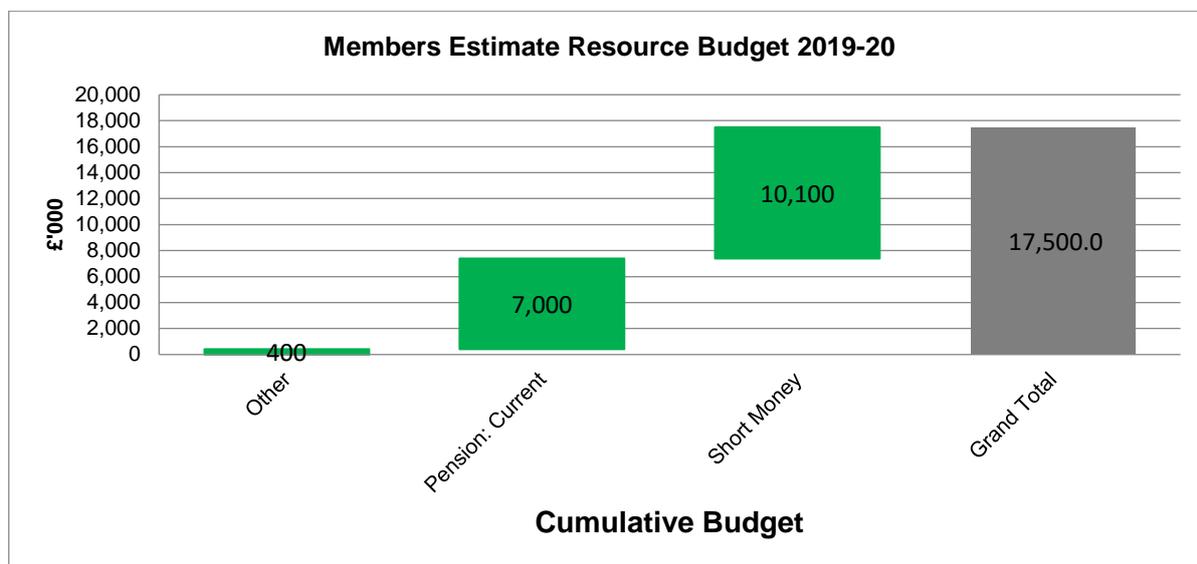
	Outturn 2019-20		Outturn 2018-19	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
	£000	£000	£000	£000
Non-operating income and receipts	(1)	<i>(1)</i>	(1)	<i>(1)</i>
Total income payable to the Consolidated Fund	(1)	<i>(1)</i>	(1)	<i>(1)</i>

The non-operating receipts include recoveries from former Members on Additional Cost Allowances payments. Consolidated Fund income is not accounted for through the Statement of Comprehensive Net Expenditure.

Statement of Parliamentary Supply Commentary

2019-20 Supply Estimate

An Estimate consisting of £17.7 million resource was agreed by the Members Estimate Committee (MEC) and published as part of the Central Government Supply Estimates 2019-20 (HC 2154). This was reduced to £17.5 million in the supplementary estimate in February 2020. This represents an increase of £0.4 million in resource compared to the prior year.



The two main elements of the Members Estimate are:

1. Parliamentary Contributory Pension Fund

The Parliamentary Contributory Pension Fund (PCPF) is a pension scheme for MPs and Ministers which is funded by the Exchequer via contributions voted annually via the House of Commons: Members Estimate. The PCPF has its own accounts but contributions to the scheme still flow from this Estimate. The 2019-20 budget for this contribution was £7.0 million (£6.95 million in 2018-19) which represents 40% of the total Estimate.

The Accounts of the PCPF are published separately and the 2019-20 accounts are expected to be published in Autumn 2020.

Further information about the PCPF, or a copy of the Annual Accounts, can be obtained from the PCPF Secretariat, Corporate Services, House of Commons, London SW1A 0AA or online at www.official-documents.gov.uk.

2. Short Money

Financial assistance to Opposition parties (Short Money and Representative money) is available to help Opposition parties to carry out their parliamentary or representative business. This was budgeted at £10.1 million (£9.95 million for 2018-19) and represents 58% of the total Estimate.

Supply Estimate for 2020-21

The MEC has agreed a resource only Estimate for 2020-21 of £17.1 million (HC 293) which is £0.4 million less than 2019-20.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS**Opinion on financial statements**

I certify that I have audited the financial statements of the House of Commons: Members for the year ended 31 March 2020. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes. In my opinion:

- the financial statements give a true and fair view of the state of the House of Commons: Members affairs as at 31 March 2020 and of its net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Financial Reporting Manual as adapted or interpreted for the House of Commons context.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the House of Commons: Members in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the House of Commons: Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the House of Commons: Members has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the House of Commons: Members' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with ISAs (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of House of Commons: Members' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the House of Commons: Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the House of Commons: Members ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the House of Commons: Members to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource), and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- in the light of the knowledge and understanding of the House of Commons: Members and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 02 October 2020

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Primary Financial Statements

Statement of Comprehensive Net Expenditure

For the Year ended 31 March 2020

This account summarises the expenditure and income generated and consumed on an accrual basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2019-20 £000	2018-19 £000
Programme Costs			
Members' costs	2	124	128
Members' pensions: Exchequer contribution	2	6,947	6,946
Grants	3	8,836	9,935
Other costs	3	21	23
Net Operating expenditure for the year ended 31 March 2020		15,928	17,032
Other Comprehensive Net Expenditure		-	-
Total Comprehensive Expenditure for the year ended 31 March 2020		15,928	17,032

Statement of Financial Position

At 31 March 2020

This statement presents the financial position of the House. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		31 Mar 2020	31 Mar 2019
Note	£000	£000	£000
Current assets:			
Trade and other receivables	5	124	36
Cash and cash equivalents	4	670	184
Total current assets		794	220
Total assets		794	220
Current liabilities			
Trade and other payables	6	(1,803)	(1,685)
Total current liabilities		(1,803)	(1,685)
Total assets less current liabilities		(1,009)	(1,465)
Taxpayers' equity and other reserves:			
General fund		(1,009)	(1,465)
Total equity		(1,009)	(1,465)

John Benger
Accounting Officer
 30 September 2020

Statement of Cash Flows

For the year ended 31 March 2020

The Statement of Cash Flows shows the changes in cash and cash equivalents of the House during the reporting period. The statement shows how the House generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the House. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the House's future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

	Note	2019-20 £000	2018-19 £000
Cash flows from operating activities			
Net operating cost		(15,928)	(17,032)
Adjustments for non-cash transactions	3	20	22
(Increase)/Decrease in trade and other receivables	5	(88)	36
Increase/(Decrease) in trade payables	6	118	(485)
<i>Less movements in payables not passing through the SCNE</i>		(486)	604
<i>Adjustment for non-cash receivable</i>		-	(2)
Net cash outflow from operating activities		(16,364)	(16,857)
Cash flows from investing activities			
Purchase of equipment		-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		16,850	16,280
From Consolidated Fund (Supply) – prior year		-	-
Net Financing		16,850	16,280
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		486	(577)
Receipts due to the Consolidated Fund	4	1	1
Payments of amounts due to the Consolidated Fund	4	(1)	(28)
		-	(27)
Net increase/(decrease) in cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		486	(604)
Cash and cash equivalents at the beginning of the period		184	788
Cash and cash equivalents at the end of the period		670	184

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

This statement shows the movement in the year on the different reserves held by the House, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. Other earmarked reserves are shown separately where there are statutory restrictions on their use.

	<u>Note</u>	<u>General Fund 2019-20 £000</u>
Balance at 31 March 2018		(1,310)
Net Parliamentary Funding – drawn down		16,280
Net Parliamentary Funding – deemed		760
Supply (payable)/receivable adjustment	6	(183)
Net Operating Cost		(17,032)
Non-Cash Adjustments		
Non-cash charges – auditor's remuneration	3	20
Balance at 31 March 2019		(1,465)
Net Parliamentary Funding – drawn down		16,850
Net Parliamentary Funding – deemed		183
Supply (payable)/receivable adjustment	6	(669)
Net Operating Cost		(15,928)
Non-Cash Adjustments		
Non-cash charges – auditor's remuneration	3	20
Balance at 31 March 2020		(1,009)

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2019-20 *Financial Reporting Manual* (FReM) as adapted or interpreted for the House of Commons context which applies International Financial Reporting Standards (IFRS). Where the FReM permits a choice of accounting policy then the policy which is judged to be the most appropriate to give a true and fair view has been selected. The policies adopted by the House of Commons are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These accounts have been prepared on an accrual's basis, this means reporting income and expenditure when it is incurred rather than when it is received or paid.

1.1 Administration and Programme expenditure

All costs incurred on the Members Estimate are treated as programme expenditure. The cost of administering the Members Estimate has been charged against the House of Commons Administration Estimate. From April 2017 direct costs for providing services to Members in relation to the General Election are also charged to the Administration Estimate.

1.2 Operating Income

No operating income is anticipated or collected under the Estimate and therefore does not pass through the Statement of Comprehensive Net Expenditure. Any cash receipts representing repayment of debts arising from previous financial years are surrendered to the Consolidated Fund.

1.3 Grants payable

These include financial assistance provided to Opposition parties and an Exchequer contribution to the Speaker's Parliamentary Placement Scheme. These are recognised as costs on the Statement of Comprehensive Net Expenditure and all payments are made in accordance with Resolutions of the House of Commons.

1.4 Going Concern

The Members Estimate will continue to receive annual funds voted by Parliament to carry out its activities which have been determined by a Resolution of the House. For this reason, it is expected that the Members Estimate will have adequate resources for the foreseeable future and will continue to adopt the going concern basis in preparing the financial statements.

1.5 Impending application of newly issued accounting standards not yet effective

IFRS 16 (Leases) will be implemented from 1st April 2021. However, this will have no impact on these accounts because the Members Estimate account does not contain any contracts defined as leases.

IFRS 17 (Insurance Contracts), which replaces IFRS 4, will be effective for reporting periods after 1st January 2023. There are currently no insurance contracts in these accounts and therefore no impact is expected to the 2023-24 accounts.

2. Members' and related costs

	2019-20	2018-19
	£000	£000
Members' salaries	114	116
Social security costs	10	12
	124	128
PCPF pension costs	6,947	6,946
Total net costs	7,071	7,074

Additional salaries for the Chairman of Ways and Means (£41,981 pro rata) and the two Deputy Chairmen of Ways and Means (£37,398 each pro rata) are paid from the Members Estimate rather than by IPSA. The Speaker also receives an additional salary which is paid directly by the Cabinet Office.

3. Other costs

	2019-20		2018-19	
	£000	£000	£000	£000
Cash Items				
Central management	1		1	
		1		1
Grants to other bodies				
Financial assistance to Opposition parties:				
Labour Party	6,775		7,880	
Scottish National Party	801		791	
Democratic Unionist Party ³	202		233	
Sinn Fein	166		166	
Plaid Cymru	86		87	
Social Democratic and Labour Party	24		-	
Green Party	132		111	
Liberal Democrat Party	650		633	
Speaker's Placement Scheme	-		34	
Subtotal		8,836		9,935
Non-cash items				
Write off	-		2	
Audit fee ⁴	20		20	
Subtotal		20		22
Grand Total		8,857		9,958

³ The DUP total has had 5k deducted from their total, which is related to a travel money over accrual in the 18-19 financial year.

⁴ No non-audit work was undertaken.

4. Cash and cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April	184	788
Net change in cash and cash equivalents	486	(604)
Balance at 31 March	670	184
The following balances at 31 March were held at:		
Government Banking Service	670	184
Balance at 31 March	670	184
Amounts issued from the Consolidated Fund but not spent at year end	669	183
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	1	1
	670	184

5. Trade receivables, financial and other assets

	2019-20	2018-19
	£000	£000
Amounts falling due within one year:		
Members ⁵	1	2
Prepayments	19	9
Short Money	104	25
	124	36
Amounts due from the Consolidated Fund in respect of supply	-	-
	124	36

⁵ A single Member repayment contract remains with a balance of £514.47 (£1,714.50 at 31 March 2019). No balances arising from Standards and Privileges Committee reports were outstanding at 31 March 2020 (£nil at March 2019).

6. Trade payables and other current liabilities

	2019-20	2018-19
	£000	£000
Amounts falling due within one year		
Other taxation and social security	15	15
Other payables	7	1
Accruals and deferred income	1,111	1,485
	1,133	1,501
Amounts issued from the Consolidated Fund for supply but not spent at year end	669	183
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
- Received	1	1
	1,803	1,685

7. Contingent liabilities and contingent assets

There were no contingent liabilities at 31 March 2020 (nil as at 31 March 2019).

8. Losses and special payments

There were no write-offs during 2019-20 (£2,000 in 2018-19).

9. Related-party transactions

The House of Commons: Administration Estimate is regarded as a related party. The House of Commons Commission provide resources without charge for the following services to Members and their staff: accommodation, utilities, catering, security, communications and administration. Computer equipment provided to both Houses is being managed by the Parliamentary Digital Service (PDS). PDS was formally vested (as Parliamentary Information and Communications Technology (PICT)) as a Joint Department on 1 April 2008 under the Parliament (Joint Departments) Act 2007. Members of Parliament also act as managing trustees for the Parliamentary Contributory Pension Fund and the House of Commons Members' Fund.

The Register of Members' Interests provides information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches, or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament. The Register is published soon after the beginning of a new Parliament under the authority of the Select Committee on Standards, and annually thereafter. Between publications the Register is regularly updated in a loose-leaf form and this is available for public inspection in the Committee Office of the House of Commons. Employment agreements deposited with the Registrar are available for personal inspection only.

The Members Estimate provides financial assistance to Opposition parties to carry out their parliamentary or representative functions. The total payable to each party is linked to a formula based on the number of seats won and the votes cast at the previous General Election.

Members who sit on and form the Members Estimate Committee are considered related parties due to their potential influence on the activities of the Members Estimate and that they could potentially benefit from these provisions. They receive no remuneration for their position on the Members Estimate Committee.

Administration services provided to both the Parliamentary Contributory Pension Fund (PCPF) and House of Commons Members' Fund (HCMF) are re-charged to the respective trustees of those Funds.

Penny Young, House of Commons Librarian, was one of the founding Trustees of the Speaker's Parliamentary Placement Scheme. No other staff member is a trustee of the Scheme.

10. Events after the reporting period

In accordance with the requirements of IAS 10, post Statement of Financial Position events are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is the date of the Certificate and Report of the Comptroller and Auditor General.

There is one event that occurred after 31st March 2020 that requires disclosure:

The COVID-19 pandemic has had a significant global presence and whilst there has been an impact on the delivery of services, accounted for under the House of Commons Administration, the impact on these accounts is considered immaterial as the costs under this estimate are fixed. However, the full extent of COVID-19 will not be known until an impact assessment has been carried out.

**House of Commons:
Members Estimate
Members Estimate Audit Committee
Annual Report 2019-20**

Members Estimate Audit Committee Annual Report 2019-20

Introduction

1. This is the fifteenth annual report of the House of Commons Members Estimate Audit Committee (MEAC), which was established by the House of Commons Members Estimate Committee (MEC) on 14 June 2004, following changes to the governance structure for the Members Estimate agreed by the House in January 2004.
2. This report outlines the MEAC's conclusions in relation to the Members Estimate for the financial year 2019-20. The Committee's findings are set out by reference to the key areas on which it is required to provide assurance to the Accounting Officer under its terms of reference.
3. Details of the MEAC's terms of reference, membership and activity during the year are provided in the Appendix to this report.

Conclusion for the financial year 2019-20

The effectiveness of the system of governance, risk management and internal control (the "system of internal control")

4. Since IPSA took over responsibility for Members' allowances in May 2010, the Members Estimate has become significantly smaller and the scope of the Committee's work in considering the effectiveness of the system of internal control has reduced accordingly. This Estimate further decreased in April 2017, when budgets related to Members' ICT equipment and support, postage and stationery, insurances and training for Members and their staff were transferred to the Administration Estimate. We refer readers to the 'Annual Report of the Administration Estimate Audit and Risk Assurance Committee' for our conclusions on the overall control environment within which the Members Estimate operates.

The integrity of the Annual Accounts

5. The Committee have reviewed the Annual Accounts. We consider the Accounts acceptable for signature by the Accounting Officer. We are satisfied with the Annual Governance Statement.
6. The Parliamentary Contributory Pension Fund (PCPF) is the pension scheme for Members of Parliament, Government ministers and other Parliamentary office holders. In line with our past recommendation, the liabilities in relation to the PCPF have been transferred to the PCPF's own accounts, where the assets are also shown. Funding of the Exchequer contribution towards current service costs remains with the Members Estimate. Approximately 40% of the Members Estimate now relates to the pension scheme.
7. We have previously noted a case for transferring the Exchequer contribution to IPSA and the Minister for the Civil Service. We will continue to monitor closely any developments relating to the future of the Members Estimate.
8. Financial assistance to opposition parties (Short Money or Representative Money) accounts for approximately 58% of the Members Estimate. We note that following the adoption of a Motion by the Members Estimate Committee, in March 2017, new reporting arrangements were introduced. The resulting reports are audited by an independent professional auditor. We note that the external auditor is content with the arrangements made for accounting for Short Money or Representative Money for 2019-20.

The work of the internal audit service

9. Given the relatively small size and scope of the Members Estimate, the internal audit plan did not include any audits directly relating to expenditure under the Members Estimate. Other reports did however have findings related to both the Members Estimate and the Administration Estimate.
10. We note the Head of Internal Audit's overall opinion on the House's framework of governance, risk management and control for 2019-20, as it concerns the Administration Estimate, as a Moderate opinion. This means that the risk management, control and governance processes in place are generally adequate. We concur with this view. We also note that the opinion is based on an internal audit of key financial controls and processes (which cover expenditure relating to the Members Estimate) which provides substantial assurance that the control environment is strong.

The external audit by the external auditor

11. We are satisfied with the scope and nature of the work of the Comptroller and Auditor General (C&AG) and believe that the C&AG has carried out its external audit work with due independence. We are satisfied that there are no material unadjusted misstatements to report. The external auditors did not highlight any substantive weaknesses in financial control.
12. We have noted the contents of the letter of representation, which is standard, including the required disclosures on fraud and regularity.
13. We are satisfied that the audit opinion was appropriate.

Other matters as were referred to the Committee by either the Accounting Officer or the Members Estimate Committee

14. No other matters were referred to the Committee by the Accounting Officer or the Members Estimate Committee in 2019-20.

Appendix: Terms of reference, membership and activity of the MEAC

Terms of reference

1. The Committee has the following terms of reference, which are approved by the House of Commons Commission (the last changes were agreed in March 2017). In January 2020 the House of Commons Commission agreed to increase the number of MP members on the Members Estimate Audit Committee by one and this is reflected below:

REMIT

The Members Estimate Audit Committee (“The Committee”) pursues its objectives and fulfils its responsibilities on behalf of the Members Estimate Committee (MEC) and, as it deems appropriate, shall draw any matters arising within these terms of reference to the attention of the MEC.

MEMBERSHIP

The membership of the Committee shall be:

- 4 MP members, including:
 - A Member of the Members Estimate Committee
 - A Member of the Finance Committee
- 3 external Members, appointed by the MEC

The Chairman shall be appointed by the MEC from amongst the external members of the Committee.

QUORUM

The quorum of the Committee shall be 3, including 1 MP and 1 external member.

OBJECTIVES

The Committee has been established to support the Accounting Officer in discharging his responsibilities under the Members Estimate, particularly with regards to the maintenance of an effective system of internal control. The Members Estimate contains financial assistance to Opposition parties (Short Money and Representative Money); the Members Fund; ICT maintenance and equipment depreciation; training for Members and their staff; disability assistance; insurance and contributions to the Members’ pension scheme (the Parliamentary Contributory Pension Fund (PCPF)).

The Committee’s objective is to give assurance to the Accounting Officer on:

- The effectiveness of the system of governance, risk management and internal control (referred to collectively as the “system of internal control”)
- The integrity of the Annual Accounts
- The work of the internal audit service
- The external audit by the external auditor
- Other matters as may be referred to it by either the Accounting Officer or the Members Estimate Committee

RESPONSIBILITIES

Governance, Risk Management and Internal Control

The Committee is responsible for reviewing governance, risk management and internal control (“the system of internal control”). This reviewing will include:

- The effectiveness of the design and operation of the system of internal control;
- The development and operation of the system of risk management, in accordance with the overall risk management policy;
- The level and range of assurances on the management of risks; and
- The adequacy and implementation of proposed management actions to improve the effectiveness of internal controls.

Annual Accounts

The Committee is responsible for reviewing the Annual Accounts before their submission to the Accounting Officer. This review will include:

- Any significant changes in the accounting policies or treatments;
- Major financial reporting judgements or estimates;

- Consistency of the Annual Governance Statement;
- Resolution of any matters raised by the external auditor; and
- Significant adjustments resulting from the audit by the external auditor.

Internal Audit

The Committee is responsible for monitoring the work of the internal audit service. This includes:

- Involvement in the appointment of the Director of Internal Audit and the audit partner;
- Agreement to the annual internal audit plan and monitoring of progress;
- Consideration of the results and findings from internal audit work and the adequacy of management responses; and
- Consideration of the Director of Internal Audit's annual report and opinion.

External Audit

The Committee is responsible for monitoring and reviewing the work of the external audit. This review will include:

- Recommendations on the appointment and scope of work of the external auditor;
- Consideration of the external audit strategy;
- The results of the external audit work, including any reports to those charged with responsibilities for governance, and the adequacy of management responses;
- Representations made by management to the external auditor; and
- Annual review of the external auditor's independence and effectiveness.

RELATIONSHIP WITH THE ADMINISTRATION ESTIMATE AUDIT AND RISK ASSURANCE COMMITTEE

- The Committee will rely upon the work of the Administration Estimate Audit and Risk Assurance Committee (AEARAC) on matters that relate to the overall governance, risk management and internal control of the House of Commons Administration, and concentrate its own work on those parts of its responsibilities that specifically relate to matters under the Members Estimate. Where relevant, the Committee will take into account the results of the AEARAC's deliberations in drawing conclusions on its own work.

Membership

2. The Committee is chaired by an external member, who is also an external member of the House of Commons Commission. Dr Rima Makarem has chaired the Committee since 1 October 2018. Jane McCall and Robert Scruton are the other two external members of the Committee. The MP members of the Committee until November 2019 were Sir Paul Beresford MP, Mr Clive Betts MP, and Rt Hon Tom Brake MP. Following the general election, the MP members of Committee are Mr Clive Betts MP, Sir Charles Walker MP (appointed May 2020), and Harriett Baldwin MP (appointed May 2020). There is currently one MP position vacant on the Audit Committee. The Membership of the Members Estimate Audit Committee (MEAC) is the same as that of the AEARAC.
3. The Clerk of the House, The Director General of the House of Commons, the Director of Finance, the Head of Internal Audit and officials from the National Audit Office also attend the Committee's meetings. These officials may withdraw for specific items at the Committee's, or their own, request.
4. The Committee's Secretary is the Private Secretary to the Clerk of the House.

Meetings

5. The Committee met formally three times in the financial year 2019-20: on 1 May 2019, 1 July 2019, and 15 January 2020. The November 2019 meeting was cancelled due to the dissolution of Parliament ahead of the General Election. The March 2020 meeting was delayed until May due to COVID-19 outbreak. In addition, the Committee met jointly with the House of Lords Audit Committee on 27 June 2019 and 6 February 2020.

Member	Total number of meetings attended
Dr Rima Makarem (Chair, October 2018 onwards)	3/3
Sir Paul Beresford MP	3/3

Mr Clive Betts MP	1/3
The Rt Hon Tom Brake MP	2/2
Jane McCall	3/3
Robert Scruton	3/3

Internal Audit

6. As set out in the terms of reference above, MEAC relies upon the work of the Administration Estimate Audit Committee (AEARAC) on matters that relate to the overall governance, risk management and internal control of the House of Commons Administration, and concentrates its own work on those parts of its responsibilities that specifically relate to matters under the Members Estimate. Areas of overlap between the Audit Committees, for example in relation to the regular report on the work of Internal Audit, are usually discussed in AEARAC meetings and have therefore not been set out in this report. They are available in the annual report of the AEARAC.
7. Given the size and scope of the Members Estimate for 2019-20, the Internal Audit Plan did not contain any specific audit work directly related to expenditure under the Members Estimate, although many reports did have findings that are related to management systems that cover both Estimates

External Auditors

8. In January 2020 the Committee discussed the NAO's planned approach to auditing the House of Commons Administration Estimate Annual Report and Accounts 2019-20. The valuation of the Parliamentary Estate on the balance sheet remains a risk that is of concern to the NAO and they also confirmed that due to R&R and new leases being signed IFRS 16 (new leases standard) would be a priority for 2020-21.
9. The external members of the Committee met with the NAO and the Finance staff on 15 June 2020 to discuss the draft House of Commons: Administration Estimate Accounts for 2019-20. Following this the accounts were discussed by the full Committee on 8 July 2020 prior to being signed off by the Clerk of the House, as Accounting Officer.

Further information about the Committee

10. The two Audit Committees publish annual reports and certain papers (agendas, minutes and actions arising) on their page on the parliamentary website <http://www.parliament.uk/business/committees/committees-a-z/other-committees/estimate-audit-committees/>.

